

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
GRAY DAVIS, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
BUDGET ACT
FISCAL YEAR 2003-04**

AUGUST 2003

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
FISCAL YEAR 2003-04
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) Fiscal Year (FY) 2003-04 budget is \$586.1 million. Of this amount, \$545.1 million (93%) is for local governments and communities to provide treatment, recovery, and prevention services; and the remaining \$41 million (7%) is for State Support [Exhibit A]. The budget authorizes 356.7 positions for ADP. This represents a net increase of four positions, resulting from a combination of FY 2002-03 Budget Act Section 31.6 position reductions and subsequent position additions through approved Budget Change Proposals and May Revise Requests.

GENERAL FUND TOTAL

ADP's budget includes \$115.4 million (19.7% of the total budget) in State General Fund (SGF) for ADP programs [Exhibit B]. This represents a 1.1 % decrease in ADP's SGF as compared to the FY 2002-03 total SGF appropriation of \$116.7 million. Of the \$115.4 million total SGF budget, \$109.3 million (94.7%) is for Local Assistance and \$6.1 million (5.3%) is for State Support [Exhibit C]. The total SGF budget includes \$7.0 million for Non-Drug Medical Regular Discretionary Programs, which represents a decrease of \$11.4 million as compared to the FY 2002-03 budget of \$18.4 million. The SGF budget for Non-Drug Medi-Cal Perinatal Programs remains at the same base budget of \$23.5 million. The SGF budget also includes funding for Drug Medi-Cal Regular and Perinatal Programs, the Drug Court Partnership Act, the Comprehensive Drug Court Implementation Act, and the Health Insurance Portability and Accountability Act (HIPAA), which are discussed below in more detail.

GENERAL FUND LOCAL ASSISTANCE DISCRETIONARY REDUCTIONS

The budget includes \$5.8 million in SGF for Non-Drug Medi-Cal Regular Discretionary Programs. This represents a decrease of \$11.5 million from the budgeted level of \$17.3 million in FY 2002-03. The budget for Non-Drug Medi-Cal Perinatal Programs remains at \$23.5 million.

SUBSTANCE ABUSE TREATMENT TRUST FUND (PROPOSITION 36)

The budget includes \$120.3 million (20.5% of the total budget) from the Substance Abuse Treatment Trust Fund (SATTF) in support of Proposition 36 activities [Exhibit B]. Of the total SATTF dollars, \$117.0 million (97.3%) is for Local Assistance and \$3.3 million (2.7%) is for State Support [Exhibit C]. The \$3.3 million State Support budget for SATTF represents an increase of three positions in FY 2003-04 as compared to the authorized SATTF positions in FY 2002-03.

DRUG COURT PARTNERSHIP PROGRAM

The budget includes \$7.8 million for the Drug Court Partnership (DCP) Act of 2002. Of this amount, \$7.6 million is for Local Assistance and \$244,000 is for two positions in State Support [Exhibit C]. The focus of DCP activities continues to be exclusively on felons.

COMPREHENSIVE DRUG COURT IMPLEMENTATION PROGRAM

The budget includes \$9.1 million for the Comprehensive Drug Court Implementation (CDCI) Act. Of this amount, \$8.9 million is for Local Assistance and \$175,000 is for two positions in State Support [Exhibit C]. This budget also includes a \$2.3 million increase to CDCI.

There have also been changes to the focus of CDCI. As a condition of receiving any adult CDCI money, counties are required to agree to convert their adult program into the Drug Court Partnership approach with the same criteria for offenders and reporting requirements. Existing pre-plea courts are required to restructure programs to focus on prison-bound offenders consistent with revised guidelines and reporting requirements. Counties are also prohibited from redirecting additional state funds into dependency or juvenile drug courts or restructured pre-plea courts. In addition, the \$2.3 million increase is to be used exclusively to support drug courts that accept only defendants who have been convicted of felonies, placed on formal probation, and participate in the drug court program.

FEDERAL FUNDS

The budget includes \$275.7 million in Federal Trust Funds, which represents 47% of ADP's total budget [Exhibit B]. Of this amount, the Substance Abuse Prevention and Treatment (SAPT) Block Grant is \$261 million [Exhibit C]. Of this amount, \$2 million is transferred to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$259 million SAPT dollars consist of \$241.8 million for Local Assistance and \$17.2 million for State Support. The Local Assistance budget of \$241.8 million in FY 2003-04 represents an increase of \$886,000 over the FY 2002-03 budget, resulting from ongoing SAPT increases starting with the Federal Fiscal Year 2003 Block Grant Award.

With respect to the Safe and Drug Free Schools and Communities (SDFSC) Grant, the budget includes \$12.3 million, of which \$10.3 million is for Local Assistance and \$2.0 million is for State Support [Exhibit C]. This budget represents an increase of \$1.7 million resulting from grant increases for FY 2003-04.

The budget also includes the addition of two new grant awards: the State Incentive Grant for \$4.0 million and the State Data Infrastructure Grant for \$100,000.

SAPT MAINTENANCE OF EFFORT REQUIREMENT

As a condition of receiving SAPT Block Grant funds, ADP must meet the Maintenance of Effort (MOE) grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

ADP's budget includes \$250.3 million in non-federal expenditures, which is sufficient to meet the MOE requirement of \$249.9 million for FY 2003-04.

DRUG MEDI-CAL PROGRAM

The Drug Medi-Cal (DMC) program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic treatment program, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon DMC caseload estimates for FY 2003-04 developed by ADP's Office of Applied Research and Analysis, the Local Assistance budget reflects \$54.7 million in DMC SGF (\$52.5 million Regular and \$2.2 million Perinatal) and \$49.5 million (\$47.3 million Regular and \$2.2 million Perinatal) in DMC federal financial participation (Reimbursement from Department of Health Services) [Exhibit C]. This represents an increase of \$4.8 million in SGF and a decrease of \$1.2 million in federal financial participation as compared to the FY 2002-03 budget due to caseload and methodology changes.

The budget for State Support includes \$3.5 million in SGF and \$3.5 million in federal financial participation for DMC program support [Exhibit C].

INDIAN GAMING SPECIAL DISTRIBUTION FUND

The budget includes an appropriation of \$3 million payable from the Indian Gaming Special Distribution Fund to implement a problem gambling prevention program. This appropriation is related to the passage of Assembly Bill 673, Chapter 210, Statutes of 2003, enacted on August 11, 2003.

FEDERAL MEDI-CAL ASSISTANCE PERCENTAGE

The Federal Medi-Cal Assistance Percentage (FMAP) is the percentage used to determine the federal share of the Medi-Cal Program. As of October 2002, the FMAP is 50 percent and is the basis for the current DMC budget. As of April 2003, the FMAP changed to 54.35 percent. In October 2003, the FMAP will change to 52.95 percent. The new FMAP percentages will be reflected in the DMC Fall 2003 Estimate Process.

WELFARE REFORM – CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain employment over a long period of time. The budget for the Department of Social Services (DSS) includes \$46.4 million SGF for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. The CalWORKs SGF for substance abuse will continue to be specifically identified in DSS' county allocation.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

The budget for HIPAA remains at \$2 million (\$1 million SGF and \$1 million Reimbursements) [Exhibit C]. The budget also continues to include authority for five positions in support of HIPAA.

NARCOTIC TREATMENT PROGRAM LICENSING

The budget includes an increase of \$405,000 and one limited-term position to support the caseload growth associated with the licensure of office-based opioid treatment programs and other narcotic treatment programs. The programs will increase access to narcotic treatment in remote areas.

LICENSING AND CERTIFICATION

Proposition 36 requires any alcohol and/or drug recovery or treatment programs receiving Proposition 36 funds to be licensed or certified by ADP. The budget for FY 2003-04 includes the conversion of two limited-term positions to permanent in support of these caseload activities.

In addition, the budget includes two additional positions to support the increasing number and complexity of complaints received by the Department. These additional positions will allow the Department to investigate complaints in a more rapid and thorough manner to ensure sufficient public protection in residential and outpatient facilities.

STATE INCENTIVE GRANT

ADP has received a \$4 million federal grant award to implement science-based prevention programs and practices targeting binge drinking among 12-25 year old youths and young adults. These funds will be allocated through a competitive grant process to approximately 20-25 counties, with the grant amount dependent on the scope of the proposed local initiative. The budget includes three limited-term positions and \$500,000 in State Support to implement these activities, with the remaining \$3.5 million in Local Assistance [Exhibit C].

SUBSTANCE ABUSE TREATMENT AND TESTING ACCOUNTABILITY PROGRAM

The budget includes \$8.6 million in SAPT Block Grant funds for the third year of the Substance Abuse Treatment and Testing Accountability (SATTA) Program. The SATTA Program provides funding for drug testing for clients treated under the Substance Abuse and Crime Prevention Act of 2000 and can also be used for any other purpose consistent with federal SAPT Block Grant requirements.

WOMEN AND CHILDREN'S RESIDENTIAL TREATMENT SERVICES

Of the funds appropriated for ADP's Perinatal Programs, \$6.4 million continues to be earmarked to fund existing residential perinatal treatment programs that started through federal Center for Substance Abuse Treatment grants but whose grants have since expired and currently are constituted as Women and Children's Residential Treatment Services.

EXHIBIT A

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2003-04

Budget By Category (\$ In Millions)

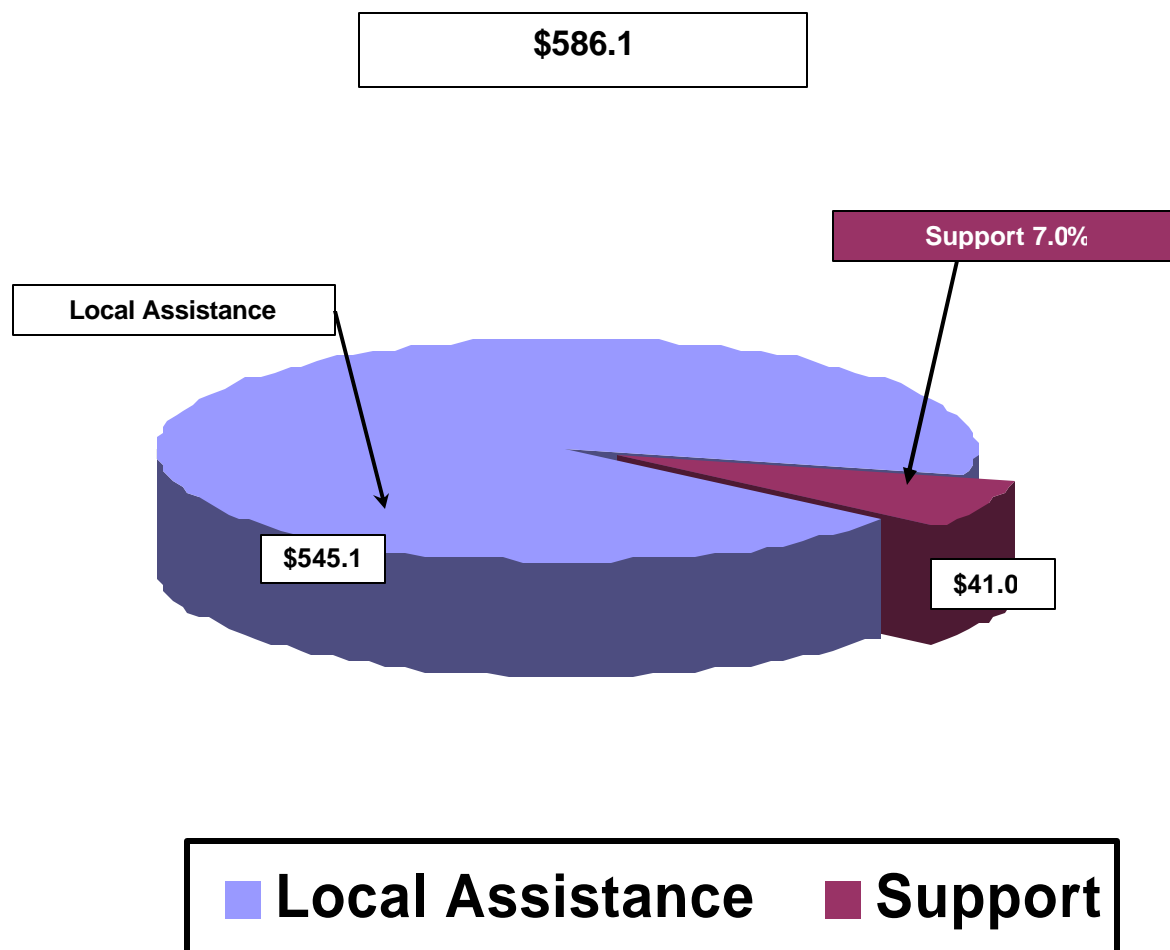
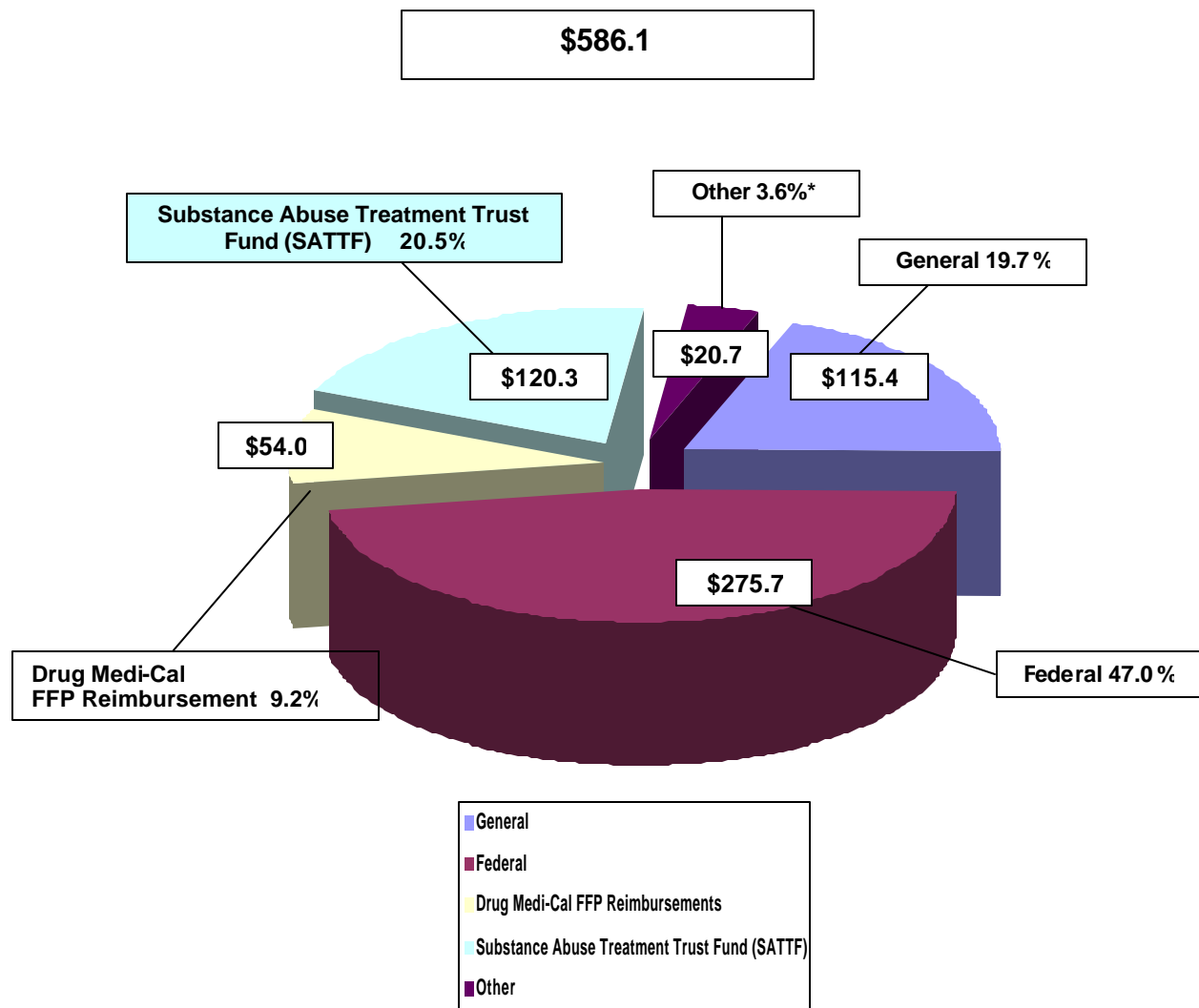


EXHIBIT B

**Department of Alcohol and Drug Programs
Budget Act
Fiscal Year 2003-04**

Budget By Fund Source

(\$ In Millions)



* "OTHER" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, AUDIT REPAYMENT TRUST FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, THE OFFICE OF TRAFFIC SAFETY REIMBURSEMENT CONTRACT, AND THE DEPARTMENT OF SOCIAL SERVICES REIMBURSEMENT CONTRACT.

EXHIBIT C

**Department of Alcohol and Drug Programs
Budget Act
FISCAL YEAR 2003-04**

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGET ACT	TOTAL PERCENTAGE
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$6,092	\$109,347	\$115,439	19.70%
Non-Drug Medi-Cal Regular	\$1,191	\$5,768	\$6,959	1.19%
Non-Drug Medi-Cal Perinatal	\$0	\$23,457	\$23,457	4.00%
Drug Medi-Cal Regular	\$3,298	\$52,566	\$55,864	9.53%
Drug Medi-Cal Perinatal	\$196	\$2,181	\$2,377	0.41%
Drug Medi-Cal HIPAA	\$988	\$0	\$988	0.17%
Drug Court Partnership Act	\$244	\$7,600	\$7,844	1.34%
Comprehensive Drug Court Implementation Act	\$175	\$8,875	\$9,050	1.54%
Parolee Services	\$0	\$8,900	\$8,900	1.52%
Substance Abuse Treatment Trust Fund (Prop 36)	\$3,301	\$117,023	\$120,324	20.53%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,573	\$0	\$1,573	0.27%
Narcotic Treatment Program Licensing Trust Fund	\$1,550	\$0	\$1,550	0.26%
Indian Gaming Special Distribution Fund	\$3,000	\$0	\$3,000	0.51%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.01%
Federal Trust Fund	\$20,123	\$255,613	\$275,736	47.04%
Substance Abuse Block Grant	\$19,219	\$241,784	\$261,003	44.53%
Sale of Tobacco to Minors Control Account	-\$2,000	\$0	-\$2,000	-0.34%
Safe and Drug Free School	\$1,987	\$10,329	\$12,316	2.10%
Uniform Data Systems	\$317	\$0	\$317	0.05%
State Data Infrastructure Grant	\$100	\$0	\$100	0.02%
State Incentive Grant	\$500	\$3,500	\$4,000	0.68%
Resident Run Housing Revolving Fund	\$0	\$39	\$39	0.01%
Reimbursements	\$5,339	\$63,086	\$68,425	11.67%
DSS: Substance Abuse Svs. For Indian Health Clinics	\$186	\$2,624	\$2,810	0.48%
Drug Medi-Cal Regular	\$3,298	\$47,310	\$50,608	8.63%
Drug Medi-Cal Perinatal	\$196	\$2,181	\$2,377	0.41%
Drug Medi-Cal HIPAA	\$987	\$0	\$987	0.17%
CDC: Parolee Services Network	\$423	\$10,971	\$11,394	1.94%
Office of Traffic Safety	\$249	\$0	\$249	0.04%
TOTALS	\$41,045	\$545,108	\$586,153	100.00%